

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7178

BILL NUMBER: HB 1365

NOTE PREPARED: Jan 13, 2013

BILL AMENDED:

SUBJECT: Lake County Innkeeper's Tax.

FIRST AUTHOR: Rep. Soliday

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill provides that the Lake County Innkeeper's Tax applies to the renting or furnishing of rooms for periods of less than 30 consecutive days by the same party in the same room. It provides that an agent of the county treasurer may exercise certain powers assigned to the county treasurer under the Lake County Innkeeper's Tax law.

The bill provides that 11.67% of the first \$1.2 M of revenue received from the Lake County Innkeeper's Tax that is not transferred to the city of Gary shall be allocated to a Local Matching Grant Fund. It specifies that money in the Local Matching Grant Fund may be distributed only for major destination events. The bill deletes provisions distributing a corresponding percentage of the tax to certain municipalities for convention facility marketing, sales, and public relations programs and for tourism and economic development projects. It also provides that the Lake County Innkeeper's Tax revenue transferred to Purdue University-Calumet may be used by the university for education programs (rather than nursing education programs, under current law).

The bill deletes the requirement that the budget of the Lake County Convention and Visitor Bureau must be submitted to the Department of Local Government Finance and placed on file with the county auditor. It removes requirements that the Convention and Visitor Bureau may use funds under its control only for events in the county.

Effective Date: January 1, 2014.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: *Convention and Visitor Bureau* - The Lake County Convention and Visitor Bureau will no longer be required to submit its budget to the state Department of Local Government Finance or the Lake County Auditor. This provision could reduce administrative costs.

County Treasurer - The bill allows an agent of the Lake County Treasurer to exercise certain powers, including collecting and depositing revenue, assigned to the treasurer under the Lake County Innkeeper's Tax law. This provision could reduce expenditures of the treasurer's office.

Explanation of Local Revenues: Summary - This bill changes the distribution of the first \$1.2 M in annual revenue from the Lake County Innkeeper's Tax beginning in CY 2014.

- (1) The bill eliminates the 9% distribution to cities and towns in Lake County.
- (2) The bill eliminates the 2.67% distribution to the Gary and Hammond convention facilities.
- (3) The bill establishes an 11.67% distribution to a Local Matching Grant Fund. The Local Matching Grant Fund will be used only for major destination events that generate substantial hotel or restaurant visitation or positive exposure in the region.
- (4) The bill provides that funds distributed to Purdue-Calumet may be used for any educational programs not just nursing education programs as required under current statute.

The table below shows the current distribution of the first \$1.2 M in revenue versus the bill's proposed distribution. The distribution of any revenue exceeding \$1.2 M would be unchanged under the bill.

Distribution of the First \$1.2 M of Revenue	Current		Proposed	
	Distribution	Revenue	Distribution	Revenue
Lake County Convention, Tourism, and Visitor Promotion Fund	35%	\$420,000	35%	\$420,000
Indiana University-Northwest	44.33%	531,960	44.33%	531,960
Cities and Towns	9%	108,000	0%	0
Local Matching Grant Fund	0%	0	11.67%	140,040
Purdue University-Calumet	9%	108,000	9%	108,000
Gary and Hammond Convention Facilities	2.67%	32,040	0%	0
Total	100%	\$1,200,000	100%	\$1,200,000

Background Information - Under current statute, revenue exceeding \$1.2 M is distributed to the Convention,

Tourism, and Visitor Promotion Fund (85%); Purdue-Calumet (5%); IU-Northwest medical education programs (5%); and IU-Northwest allied health education programs (5%). In FY 2012, Lake County collected \$2.7 M from its 5% Innkeeper's Tax.

State Agencies Affected: Department of Local Government Finance, Department of State Revenue.

Local Agencies Affected: Lake County Convention and Visitor Bureau, Lake County Treasurer, Lake County Auditor, cities and towns in Lake County.

Information Sources: *Indiana Handbook of Taxes, Revenues, and Appropriations.*

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